Dear FCC Commissioners:

I am writing in strong support of the existing policy of net neutrality.

Abandoning net neutrality will do harm to consumers, entrepreneurs, and the free flow of information enabled by the current internet within the United States. It is the FCC's mission to make available so far as possible "rapid" and "efficient" "communication services" "at reasonable charges" and that "the competitive framework for communications services should foster innovation and offer consumers reliable, meaningful choice in affordable services." Repealing net neutrality would be an act detrimental to the pursuit of these goals.

The current broadband market in the United States is most accurately described as an aggregation of local monopolies, duopolies, and oligopolies that rolls up into a handful of significant competitors at the national level. To analyze policy, it is the economics at the local level that matters. These companies exist one market at a time, and it's a mistake to look at national market share in assessing how firms will react to policy or how consumers will be affected. Internet service is bought and sold at the local level (even mobile service: nobody wants a phone that doesn't work at home), so economic analysis should start there.

When suppliers face little or no competition, innovation is rare. It is more expedient for them to maintain the status quo and seek economic rents. Net neutrality protects consumer welfare by regulating the behavior of oligopolistic internet service providers (ISPs) with a mandated minimum level of service. In instances of (usually limited) competition, ISPs currently compete on price and/or the value or service level of their offering (e.g. speed, reliability, customer service, etc.), not on the content to which their service provides access (e.g. Netflix.com), nor any value derived from these services (e.g. faster Netflix). Net neutrality removes an important rent-seeking arrow from the oligopolists' quivers.

The FCC's own Internet Access Service Report as of June 2016 shows 10% of developed census blocks with only two providers of even the lowest speed of broadband access (3+ Mbps downstream/768 kbps upstream). At the next highest tranche of speeds (10+ Mbps downstream/1+ Mbps upstream), one in five developed census blocks have only one or two choices for broadband access. This also understates that even on a single block, there might be a greater diversity of offerings than is available to any one consumer. A Department of Commerce analysis from 3 years ago stated that only about half (56%) of Americans had more than two choices for at least 3 Mbps downstream broadband and only 28% had more than two choices for at least 10 Mbps downstream broadband. With such little competition, Adam Smith's invisible hand is just a pipe dream. Suppliers don't innovate to make customers with few, if any, outside options happier.

In the absence of strong competition providers' incentives are misaligned with those of the consumer, and value creation will give way to rent seeking. This is inefficiency in its strictest economic sense. Suppliers will go to great lengths to maintain market power. It is for this reason that telecommunications companies have invested so heavily in lobbying for the repeal of net neutrality, rather than investing in true innovation. The possibility for rent extraction is so large that the ROI on lobbying investments seemed superior to true innovation. Abandoning net neutrality is vindicating this belief and rewarding rent seeking.

In instances of little to no competition, even without formal collusion, suppliers can stop price competition (assuming they are not already the sole provider in a local market) by agreeing, whether overtly or not, to meet any advertised competitor's price for service in the local market. We have seen repeatedly that when a small number of competitors can compete along one or more dimensions other than price, that they find a way to do so. Many of these same telecom companies did just this at various points in history with tactics in the markets for long-distance telephone calls, cable TV service, SMS messaging, and, in various ways, cell phone service (you might recall the exact hour your "night time" cell phone minutes began). Currently, net neutrality does not allow ISPs to compete over which internet services their plan provides. All must be provided equally by law. Were net neutrality even relaxed—never mind repealed—providers would quickly differentiate themselves along this dimension, hurting consumers and entrepreneurs.

Why would entrepreneurs be hurt? Incumbent tech companies will sign high cost agreements with internet service providers keeping emergent competition away from consumers. Much like consumer packaged goods pay supermarkets for shelf space, why wouldn't an incumbent pay an ISP to restrict a fledgling competitor? Why wouldn't an ISP demand payment regardless? This is problematic when most localities have more supermarkets than viable ISPs.

Incumbent technology companies will pay telecom companies for "exclusive offerings" or to have "preferred status" on their platforms, stifling upstart competition at a cost. We already see the back-and-forth negotiations between cable TV providers and television content providers over placement in cable TV bundles. Is this what we want for our technology innovators and the information available on the internet as well?

Facebook offered consumers an alternative in social networking to the then dominant MySpace, and anyone with an internet connection on their own volition could become a customer without paying an intermediary. Absent net neutrality, MySpace could have signed exclusive contracts blocking potential Facebook adopters in places where ISP choice is limited. Google "built a better mousetrap" in the search engine space than Yahoo! and other competitors. Those incumbents could not pay for ISPs to make Google otherwise unattractive to their customers. Google was not only better for the results it provided, but in that it was lightning fast at providing them. An ISP could easily nullify the latter advantage if the price were right.

Why would consumers be hurt? Higher prices. Less access. Greater ability for telecom companies to capture consumer welfare. Potentially higher costs of using internet services, as the companies that provide them will have to pay "protection money" to telecom providers. Or, from the example above, we might still all be using MySpace and Infoseek, despite our collective consumer preferences. Large numbers of consumers' being stuck with inferior offerings is exactly what American capitalism should strive to avoid.

Finally, abandoning net neutrality will mean the end of the unfiltered flow of information the internet provides in places where competition will not secure such outcomes (even in a competitive environment, there is not necessarily an equilibrium where anyone has the internet we have now in an environment without net neutrality). A newspaper can find its way to your door regardless of the political views of those between you and the publisher. As news is accessed more frequently online, it's chilling to think that the political views of usually three or fewer companies could prevent an American from getting the news of their choice. What's to stop a monopolist from blocking the websites of the

Washington Post or Fox News if they disagree politically? I guess it's less likely in the case of a duopoly or small oligopoly, but is this really reassuring? Even if there were an abundance of ISPs from which to choose, is it a good outcome for consumers to have to make a tradeoff between their preferred source of news and all other aspects of the internet they might value? Currently, consumers need not make this choice.

Thinking of the future, the importance of net neutrality is reaffirmed. Repealing net neutrality will further impede competition, which is the key to the improved service, lower prices, and rapid innovation inherent in the FCC's mission. Many developed countries now have internet access that is faster, cheaper, or both than in the United States. At the higher tranches of speeds mentioned in the aforementioned FCC report, the competitive landscape in the US is even more concentrated. Most developed census blocks simply do not have access to the fastest broadband mentioned. Of those that do, almost all have only one or two options.

For many years, the United States held an overwhelmingly dominant position in terms of the formation of successful companies built on the internet. While we still have many successes, we now see increasing competition from abroad. As the global economy becomes more predicated on tools built on the internet, access becomes critical to education and new business formation. This is a key building block in our economic future. Market research pegs global annual investment on the "Internet of Things" at $1.3 trillion by 2020. Drawing a parallel between internet access now and access to the electric grid 100 years ago seems more and more appropriate. We should demand that our children and budding entrepreneurs have access to all of the tools and information that future market competitors do.

The argument for abandoning net neutrality asserts that, free from regulation, telecommunication companies will be free to invest in innovation. The key question is what, if anything, specifically about net neutrality is keeping market participants from innovating currently and whether sufficient new incentives to invest in products and services that benefit consumers would, in fact, emerge from abandoning net neutrality. In short, innovation is stifled by a lack of competition at the local level, rendering all other effects secondary. Repealing net neutrality will only provide another way extant competitors can avoid lowering prices or improving service. For existing monopolies, it's no more than a cash giveaway.

The FCC should embrace the doctrine of net neutrality and figure out ways to increase internet service provider competition at the local level nationwide. Repealing net neutrality on the telecom companies' empty promise that it will drive innovation would be a negligent act of willful disregard for the commission's own mission.

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